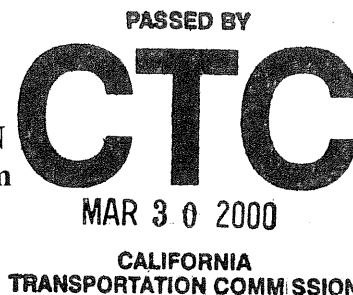


CALIFORNIA TRANSPORTATION COMMISSION
Adoption of the State Highway Account Loan Program
Uniform Loan Application and Agreement Package



Resolution G-00- 06

- 1.1 WHEREAS, Section 14529.6 of the Government Code was added by Chapter 783 of the Statutes of 1999 (AB 1012, Torlakson), hereinafter referred to as "the act", and
- 1.2 WHEREAS, by enactment of the act, the Legislature declared its intent to expedite the use of the excessively large cash balance in the State Highway Account and directed the California Transportation Commission (the Commission) and the Department of Transportation (Caltrans) to accomplish the tasks necessary to put these funds to work on needed transportation improvements as soon as possible, and
- 1.3 WHEREAS, Section 14529.6 establishes a loan program to advance unallocated funds from the State Highway Account for the advancement of projects eligible under the State Transportation Improvement Program that are included within an adopted regional transportation plan, and
- 1.4 WHEREAS, on December 9, 2000, Caltrans presented its estimate of the amount of unallocated State Highway Account funds that would be available for loans during the six month period beginning January 2000 through June 2000, and
- 1.5 WHEREAS, on January 20, 2000, the Commission adopted Resolution G-00-01 approving its semi-annual projection of funds available to loan under this program, and
- 1.6 WHEREAS, Section 14529.6 requires the Commission to adopt a uniform loan agreement package, including guidelines and procedures, and
- 1.7 WHEREAS, on January 20, 2000, Caltrans presented draft guidelines and procedures to implement and expedite the loan program established under the act, and
- 1.8 WHEREAS, on February 23, 2000, a hearing of the uniform loan agreement package, including the guidelines and procedures, was held by the Commission, and
- 1.9 WHEREAS, Caltrans and Commission staff met, conferred, and reached consensus on comments and recommendations made at, and subsequent to, the hearing, and
- 1.10 WHEREAS, the Commission approves of the changes incorporated into the guidelines and procedures by Caltrans.
- 2.1 NOW THEREFORE BE IT RESOLVED, that the Commission adopts the State Highway Account Loan Program Uniform Loan Application and Agreement Package, which includes the guidelines and procedures.

STATE OF CALIFORNIA - CALIFORNIA TRANSPORTATION COMMISSION
UNIFORM LOAN APPLICATION AND AGREEMENT
FOR THE STATE HIGHWAY ACCOUNT (SHA) LOAN PROGRAM

SECTION I - APPLICANT INFORMATION

Applicant: _____

Mailing Address: _____

Street Address (or P.O. Box)

City

State

Zip Code

Authorized Representative: _____

Title: _____

Telephone No.: () _____

Check, if true:

- ☐ The applicant is the Approving Authority for the county's STIP submittal.
- ☐ The applicant is filing jointly with the Approving Authority for the county's STIP submittal. (Complete Section II for Approving Authority)
- ☐ The applicant is the project administering agency/authority and is authorized (e.g. an approving resolution) by the Approving Authority for the county's STIP submittal to obligate future county share allocations and regional choice fund programming in the case of default on this loan.

(Attach the Resolution/Agreement approved by the Approving Authority's, and if different, the Applicant's, governing body that authorizes entering into a loan agreement with the State for the purpose and terms stated in this application and agreement.)

SECTION II - CO-APPLICANT INFORMATION

Co-Applicant Name: _____

Mailing Address: _____

Street Address (or P.O. Box)

City

State

Zip Code

Authorized Representative: _____

Title: _____

Telephone No.: () _____

SECTION III - INDEPENDENT FISCAL CONSULTANT

Company Name: _____

Mailing Address: _____

Street Address (or P.O. Box)

City

State

Zip Code

Contact Person: _____

e-mail: _____

Telephone No.: () _____

SECTION IV - SHA LOAN REQUEST (Rounded to nearest thousand)

TOTAL AMOUNT REQUESTED \$ _____

Length of Loan: _____

Years

Months

Number of projects included: _____

Check only if the answer is true:

- ☐ Each project is STIP eligible and in an adopted Regional Transportation Plan (RTP).
- ☐ Each project complies with CEQA certification requirements and has an EIR prepared.
- ☐ The estimated cost for each project is greater than \$10 million. (Project #'s: _____)
- ☐ The county's population is less than 500,000 and the county's share for the current share period is equal to or greater than the project costs. (Project #'s: _____)
- ☐ The total amount requested for any single county for one or more projects is not more than 50% of that county's most recent regional share allocation made pursuant to Streets and Highways Code, Section 188.8, and does not exceed \$100 million.

*Continued on Page 2***FOR DEPARTMENT USE ONLY**

Date and time received (STAMP): _____

Application Status: _____

Caltrans Loan Officer Signature: _____

Date: _____

SECTION IV – (Continued)

Note: Additional sheets may be added if more than one project. Please number projects in priority order.

Project # **Amount Requested: \$** **Approval of this amount will provide ☐ partial ☐ full funding.**

Other Project Identification Numbers:

Project Type: ☐ Rail ☐ Mass Transportation ☐ Highway (on-system) ☐ Local Street or Road ☐ Other (explain)

Project is STIP eligible ☐ Yes ☐ No **Project is in adopted RTP** ☐ Yes ☐ No **Date RTP adopted or amended:**

County where project is located and the most recent regional share funding allocation:

☐ **Check here if a waiver of the \$10 million minimum project cost is requested for a county with a population less than 500,000 (Government Code Section 14529.6 (b)(2)).**

Date of Environmental Impact Report:

Project Title: _____

Project Location: _____

Type of Work: _____

Project Description: _____

Current Project Status: Check all that apply and give percentage completed and estimated date of completion.

<input type="checkbox"/> Engineering / Design	_____ %	Date: _____
<input type="checkbox"/> Environmental Clearance	_____ %	Date: _____
<input type="checkbox"/> Right-of-Way Acquisition	_____ %	Date: _____
<input type="checkbox"/> Plans, Specifications and Estimates	_____ %	Date: _____
<input type="checkbox"/> Other ()	_____ %	Date: _____
Describe "Other": _____		

Current Project Status Comments:

Estimated date to begin construction: _____

ATTACHMENTS REQUESTED:

1. Project site map.
2. Proof of environmental clearance (certification).
3. Right-of-way certification, if applicable.
4. Major Milestone details. (Include the current project schedule reflected in the adopted Regional Transportation Plan, and the accelerated schedule if the loan is approved.)
5. A financial plan that demonstrates full funding of all phases of the project (per Section 3.5 of the SHA Loan Program Guidelines). This may be included in the Independent Fiscal Consultant's report.

FOR DEPARTMENT USE ONLY

☐ **Complies to Government Code Section 14529.6.**

☐ **Purpose within scope allowed by Article XIX.**

Comments:

Total outstanding loans for county \$ **as of**
Cumulative total, including this project \$

Caltrans Loan Officer Signature: _____

Date: _____

SECTION V - APPLICANT FINANCIAL INFORMATION

Note: Information contained in this part must be in substantial agreement with the fiscal assessment made by an independent fiscal consultant selected by the applicant from the pre-qualified list approved by the Department of Transportation and the California Transportation Commission.

Describe the financing request: (Include project sponsors, financing commitments, and current status of funding. List the total sources of funds for the project and the amount to be financed through this SHA loan. If referenced to the fiscal assessment report provided by the independent fiscal consultant, please indicate the page number, section number, etc.)

Source and Timing of Repayment: (Describe in detail the revenue stream to repay the loan and provide the legal authority. *The source(s) of funds for repayment of the loan must be from non-State sources and in cash. Local sales taxes, fuel taxes, measure money, motor vehicle fees, and developer fees may be used for repayment. Monies allocated by the CTC for STIP projects or as subventions funded from either state or federal resources do not qualify.* If referenced to the fiscal assessment report provided by the independent fiscal consultant, please indicate the page number, section number, etc.)

Applicant's Proposed Repayment Schedule:

Amount of Loan: \$ _____ Terms _____ Months/Years

☐ \$ _____ 100% Principal and Interest * at end of period.

☐ \$ _____ Equal payments of Principal and Interest * ☐ Biennially ☐ Annually ☐ Biannually ☐ Quarterly

☐ \$ _____ Interest * only quarterly and Principal \$ _____ ☐ Biannually ☐ Annually ☐ Biennially ☐ End of Period

☐ Other (Define)

Will Electronic Funds Transfer be used? ☐ Yes ☐ No

* Interest accrues at the quarterly rate and is compounded quarterly. Initial interest rate will be determined at the time of the loan approval (see Section VIII, part 2).

Using Applicant's proposed repayment schedule, please complete the table on the following page. Amounts entered into the table reflect the proposed repayment plan, but may not represent the actual amounts as they come due and payable.

Uniform Loan Application and Agreement

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SECTION V – (Continued)

Note: If the following table is left blank, a modified version reflecting specific loan payback requirements must be submitted as an attachment tailored to specific applicant requirements. Interest payments may be estimated based on historical PMIA rates.

PRINCIPAL PAYMENTS (Include Month and Day)	FY ____/____	FY ____/____	FY ____/____	FY ____/____	FY ____/____	Total Loan Amt. \$ _____
1 st Qtr.						
2 nd Qtr.						
3 rd Qtr.						
4 th Qtr.						
TOTAL PAYMENTS	\$ _____	\$ _____	\$ _____		\$ _____	\$ _____

INTEREST PAYMENTS (Include Month and Day)	FY ____/____	FY ____/____	FY ____/____	FY ____/____	FY ____/____	Total Estimated Interest \$ _____
1 st Qtr.						
2 nd Qtr.						
3 rd Qtr.						
4 th Qtr.						
TOTAL PAYMENTS	\$ _____	\$ _____	\$ _____		\$ _____	\$ _____

SECTION VI – APPLICANT SIGNATURE

The authorized person for the Applicant must read, agree and sign the statements below for this to be considered an official application.

As the Applicant, or as an authorized representative of the Applicant, I hereby submit this Application for a loan and represent that the information and financial data contained herein are true and correct to the best of my knowledge. I understand that additional information may be requested and authorize the California Department of Transportation to independently verify any information contained in this application. I also understand that the acceptance and consideration of this application does not constitute a commitment of funds by the California Transportation Commission. Attached is the Approving Resolution approved by the Applicant's governing body authorizing this application for the stated purpose and proposed terms, and the undersigned to perform all acts necessary to the application and loan agreement.

Authorized Applicant Signature: _____

Date: _____

Print Name: _____

Title: _____

Date: _____

SECTION VII -

Borrower's Certification and Authorization**Certification**

_____ (Borrower) is applying for a loan in the amount of
(Applicant's (local agency's) name)

\$ _____ to be approved by the California Transportation Commission (Lender) from unallocated funds in the State Highway Account and the project(s) is eligible under the State Transportation Improvement Program and included within an adopted regional transportation plan. As required by Government Code Section 14529.6(d) I, _____, as the Authorized Representative of Borrower, certify to the following:

1. Other resources are not available to fund the project(s) for which the loan is requested.
2. The agency does not intend to bank or invest borrowed State Highway Account funds at a higher yield than the Pooled Money Investment Account rate in effect while the monies are borrowed.

Authorization

Borrower, who is the Project Administering Agency/Authority, possesses legal authority to enter into this loan agreement and construct the proposed project(s); and by official action (e.g., the attached resolution) the Approving Authority's governing body authorizes the activity, including all understanding and assurances contained therein. The undersigned Authorized Representative is authorized to execute this loan application and agreement and to act in connection with this loan application and agreement and to provide such additional information as may be required.

Project Administering Agency/Authority will give the California Department of Transportation's representative access to, and the right to, examine all records, books, papers, or documents related to the project(s).

Project Administering Agency/Authority will comply where applicable with provisions of the California Environmental Quality Act, and any other applicable federal, state, and/or local laws, rules and/or regulations.

I, _____, as authorized representative of Borrower, certify that the information contained in this certification and authorization, including required attachments, is accurate and understand the important information and agree to the assurances on this form.

Authorized Representative:

Signed: _____

Date: _____

Printed (Name and Title): _____

SECTION VIII - LOAN TERMS AND AGREEMENT

Borrower Understands and Agrees to the following:

(1) Obligation:

The principal amount under this loan agreement is the loan amount approved by the California Transportation Commission, and agreed to by the Borrower, in an amount not greater than the amount requested in Section V.

(2) Interest Rate:

As required in Government Code Section 14529.6(b)(8), the interest rate shall be set at the rate paid on money in the Pooled Money Investment Account (PMIA) during the period of time that the money is loaned. The PMIA interest rate is variable quarterly and the compounded annual rate will differ from the quarterly rates. The initial loan interest rate is set at the rate that is in effect during the quarter the loaned funds are transmitted to the borrower. Interest charges apply against the outstanding amount owed, including accrued interest, at the time of the quarterly change in PMIA interest rate. If the loaned funds are transmitted before the current quarterly PMIA rate is available, the initial rate charged will be the rate of interest in effect during the immediate previous quarter. The PMIA interest rate is provided quarterly by the California State Treasurer.

(3) Term (length) of Loan:

Terms and payment schedules are subject to the adopted projection of available funds and length of time the funds are available in effect at the time the application was received by the Department of Transportation (Government code Section 14529.6(c)). The projection may show funds are available for different lengths of time within the 4-year period allowed by law. Repayment of all principal and interest from non-State sources must be made no later than the date approved for this loan by the California Transportation Commission, which shall be in substantial agreement with the term requested by the applicant in Section V, and no later than four years from the date the loan is made (Government Code Section 14529.6(b)(6)).

(4) Dedicated revenue stream(s) and repayment schedule:

Revenue stream(s) dedicated to repayment of the loan and the repayment schedule are as stated in Section V. Substitution of the revenue stream(s) by funds from State revenue sources is prohibited. All payments on the principal plus interest or penalties shall be deposited to the State Highway Account (Government Code Section 14529.6(b)(12)). The Department of Transportation shall notify the Borrower at least 30 days in advance of the date a payment is due with the amount of principal and/or interest that is due and payable.

(5) Prepayment:

Partial or full prepayment of the outstanding loan and/or interest may be made in advance of the repayment schedule stated in Section V without penalty.

(6) Cause to Rescind:

Should the project(s) funded from this loan fail to go to construction, as defined by the California Transportation Commission in the "State Highway Account Loan Program Guidelines and Procedures," within six months from the date the loaned monies are transmitted to the Borrower, the Department of Transportation shall rescind the loan, and require the loan, with interest, be repaid to the State Highway Account within ten (10) days after notification is made to the Borrower (Government Code Section 14529.6(b)(13)).

(7) Loan Default:

As specified in Government Code Section 14529.6(b)(7), if default occurs, 100 percent repayment of the principal and interest, plus a penalty charge of 5 percent of the outstanding principal, shall be required in the form of a reduction in the county's next allocation of county share funding made under Section 188.8 of the Street and Highways Code. Interest shall continue to accrue until such time as the county share reduction is made. If that reduction is not sufficient to pay the principal, interest, and penalty due, further reduction shall be made from subsequent allocations until the outstanding amount is paid in full. Additionally, the defaulting county shall be ineligible for regional share fund programming made under Section 188.8 of the Streets and Highways Code until the outstanding amount is paid in full.

ACCEPTANCE OF LOAN TERMS:

_____ accepts the amount of the loan for \$_____ with the terms
(Borrower)

stated herein.

_____ Dated _____
Authorized Signature

Uniform Loan Application and Agreement

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FOR DEPARTMENT USE ONLY

This application is recommended for approval subject to the following conditions:

Reduce the amount of loan to \$ _____ (if applicable) [Delete Project # _____]

Approve loan in the amount of \$ _____

Signature of Caltrans Loan Officer _____

Date _____

Typed or Printed Name _____

CALIFORNIA TRANSPORTATION COMMISSION

The California Transportation Commission approved this loan pursuant to Government Code Section 14529.6,

in the amount of \$ _____ Resolution Number: _____ Dated: _____

STATE CONTROLLER

Amount Encumbered by
this Document:

\$ _____

Program/Category (Code & Title):

Fund Title:

State Highway Account

Item: _____

Chapter: _____

Statute: _____

Fiscal Year: _____

Total Amount Encumbered to Date:

\$ _____

Object of Expenditure (Code and Title):

I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of payment stated in the above Uniform Loan Application and Agreement.

T.B.A. No.

B.R. No.

Signature of Accounting Officer

Date

An original and three copies of the Uniform SHA Loan Application and Agreement, and all applicable attachments, may be mailed to:

California Department of Transportation
State Highway Account Loan Program
Attention: Loan Officer, Budgets Program
1120 N Street, MS-24
Sacramento, CA 95814

Phone: (916) 654-4211
FAX: (916) 654-4375

ATTACHMENTS CHECKLIST:

- () Approving Resolution of the Applicant agency's governing body that authorizes the entering into a loan agreement with the State for the purpose and terms stated in the application, and that names an Authorized Representative to perform all acts necessary to the application and loan agreement.
 - () If different than the Applicant, the Approving Resolution of the governing body for the agency that is the "approving authority" for the county's STIP submittal that authorizes the joint filing of the application and/or acknowledges the obligation of future county share allocations and regional choice fund programming in the case of default on the loan. The resolution may also name an Authorized Representative to perform all acts necessary to the application and loan agreement.
 - () Fiscal Assessment Report by Independent Fiscal Consultant
 - () Project site map
 - () Proof of environmental clearance (certification)
 - () Right-of-way certification, if applicable.
 - () Major Milestone detail. (Include the current project schedule reflected in the adopted Regional Transportation Plan, and the accelerated schedule if the loan is approved.)
 - () A financial plan that demonstrates full funding of all phases of the project (per Section 3.5 of the SHA Loan Program Guidelines). This may be included in the Independent Fiscal Consultant's report.
-

**CALIFORNIA TRANSPORTATION COMMISSION
GUIDELINES AND PROCEDURES FOR THE
STATE HIGHWAY ACCOUNT LOAN PROGRAM**

- 1 AUTHORITY AND PURPOSE**
- 2 SCOPE OF STATE HIGHWAY ACCOUNT LOAN PROGRAM GUIDELINES AND PROCEDURES**
- 3 GUIDELINES**
 - 3.1 Funding Availability, Minimums/Maximums—Criteria to Determine Application Status**
 - 3.2 Independent Fiscal Consultant Analysis Required**
 - 3.3 Project Eligibility**
 - 3.4 Loan Application, Loan Approval and Disbursement of Loaned Funds**
 - 3.5 Loan Terms**
 - 3.6 Project Overruns**
 - 3.7 Delay of Construction and Notification Rescinding the Loan**
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 - 3.9 Reporting of Defaults**
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 - 4.2 Eligible Applicants**
 - 4.3 Approval Subject to Funding Minimums/Maximums - Criteria**
 - 4.4 Project and Applicant Requirements**
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 - 4.4.2 Minimum Project Requirements**
 - 4.4.3 Project Readiness**
 - 4.4.4 Applicant Requirements and Responsibilities**
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 - 4.6 Uniform Loan Agreement**
 - 4.7 Additional Information on the Loan Program and Procedures**

**CALIFORNIA TRANSPORTATION COMMISSION
GUIDELINES AND PROCEDURES FOR THE
STATE HIGHWAY ACCOUNT LOAN PROGRAM**

1 AUTHORITY AND PURPOSE

Government Code Section 14529.6, added by Chapter 783 of the Statutes of 1999 (AB 1012), establishes a loan program to advance unallocated funds from the State Highway Account (SHA) to local entities for the advancement of projects eligible under the State Transportation Improvement Program (STIP) that are included within an adopted Regional Transportation Plan (RTP). The statutory intent is to expedite the use of the high cash balance in the SHA by putting the funds to work “at the earliest possible time on needed transportation improvements.”

The Commission is required by Section 14529.6(e) to propose guidelines and procedures to implement and expedite the loan program authorized under AB 1012, herein after referred to as the SHA Loan Program, and by Section 14529.6(f) to adopt, after a public hearing, a “uniform loan agreement package” including guidelines and procedures.

These guidelines and procedures become effective when adopted by the Commission. The Commission may revise these guidelines and procedures at any time after first giving notice of proposed amendments and conducting at least one public hearing.

2 SCOPE OF SHA LOAN PROGRAM GUIDELINES AND PROCEDURES

The guidelines apply to all loans to local entities approved by the Commission under the provisions of Government Code Section 14529.6. For purposes of these guidelines, the term “local entity” includes transportation planning agencies, county transportation commissions, transit districts, city and county governments, and local transportation authorities. The guidelines are intended to provide policy guidance and direction for actions as well as activity processes and procedures related to loans for advancement of eligible projects. Specific activities governed by these guidelines include independent fiscal analysis, project eligibility, loan application review and approval, transmittal of funds, loan terms, “calling” of the loan for non-compliance or default, project overruns, and monitoring and reporting.

The procedures are intended to detail responsibilities and requirements, and provide guidance on making an application. Caltrans may develop and maintain additional internal administrative procedures necessary to carry out the legislative intent of this loan program.

3 GUIDELINES

3.1 **Funding Availability, Minimums/Maximums – Criteria to Determine Application Status**

As authorized by Government Code Section 14529.6, the Commission may advance monies from the SHA in the form of loans whenever the SHA cash balance exceeds \$400 million. The total amount of outstanding loans shall not exceed \$500 million at any one time.

Twice a year, on January 15 and July 15, the Commission is required to adopt projections of funding availability and the period of time during which the funds will be available. In addition to the minimum SHA balance and loan program capacity, approval of a loan application is subject to the Commission's adopted projection in effect at the time the application is received by Caltrans.

Loans will be approved on a first-come, first-served basis, except that an out-of-order application may be approved when program capacity would be exceeded if a preceding application were approved. The Commission intends that Caltrans use the following criteria to determine an application's "status" in determining its call on available funds.

1. The **date and** order in which it is received.
2. Whether the cumulative total of funds available to loan is greater than the amount requested.

Caltrans may, however, negotiate with an applicant for a reduced loan amount when an application that exceeds available funds includes funding for more than one project. The applicant may elect to delete one or more projects from the original request, bringing the reduced loan amount in line with available funds.

3.2 **Independent Fiscal Consultant Analysis Required**

Government Code Section 14529.6(b)(3) requires an applicant for a loan to have had a fiscal assessment of its ability to repay a loan completed by an independent fiscal consultant selected from a list of fiscal consultants that were "pre-qualified" and approved for inclusion on the list by Caltrans and the Commission. The fiscal analysis of the applicant's ability to repay a loan must be submitted with the application. Caltrans' recommendation to the Commission for approval of a loan will primarily be based on the fiscal consultant's analysis.

Caltrans will advertise for fiscal consultants interested in being on the "pre-qualified" list. The advertisement notice will be through Caltrans' normal contract advertising process including notice on the Caltrans web page: <http://dot.ca.gov> or <http://www.ns.net/caltrans/consult.htm>. Interested fiscal consultants will be asked to respond to a "Request for Information" that includes criteria necessary to be pre-qualified. Once established, the "pre-qualified" list of fiscal consultants may be updated periodically by Caltrans.

3.3 Project Eligibility

Only projects that are STIP eligible and included in an adopted RTP are eligible for funding under this program. Projects must also comply with the California Environmental Quality Act requirements and cost limitations as specified in Government Code Sections 14529.6(b)(1) and (b)(2), respectively.

“STIP eligible” means those types of projects as defined in Streets and Highways Code Section 164(e) and further clarified in the CTC’s STIP guidelines, Section 25, and which are also included in the adopted RTP.

Loans will be solely for the capital improvement phase of a project, which may include the costs of construction management and engineering. The Commission will not approve loans for environmental, preliminary and final engineering, right-of-way engineering, and associated project development activities.

Local entities in need of funding for certain project development elements, specifically environmental, permits, and plans, specifications, and estimates, may be eligible for advance funding under the Advance Project Development Element (APDE) added to the STIP in response to provisions of Government Code Section 14529.01. Additional information about the APDE may be found in the “Guidelines for 2000 STIP Advance Project Development Element” (CTC Resolution G-99-28 Amending Resolutions G-99-23 and G-99-27).

3.4 Loan Application, Loan Approval and Disbursement of Loaned Funds

Government Code Section 14529.6 provides a 60-day timeline for loans to be approved and monies to be transmitted. The Commission is required to approve or disapprove loan applications within 30 days after the application is submitted. During the 30 days prior to approval, loan agreements must be made available to interested parties. Not later than 30 days after loan approval, the monies must be transmitted directly to the applicant.

In addition to the 60-day timeline, an unspecified period is allowed by Government Code Section 14529.6(b)(3) for Caltrans to make a recommendation to the Commission based on the analysis conducted by the independent fiscal consultant. For purposes of these guidelines, the “date the application is submitted” shall be defined as “the date the Commission receives a loan request and recommendation from Caltrans” at a regularly scheduled public meeting.

When a local entity has a fiscal analysis completed by an independent fiscal consultant, the entity will submit an application to Caltrans in the form of the “Uniform Loan Application and Agreement” adopted by the Commission. Upon receipt, the application will be posted on the CTC web site for review by interested parties. Interested parties may submit comments concerning an application to Caltrans. Comments shall be in writing.

Caltrans must receive the application and other material within the due dates set in the “CTC Meeting Material Submittal” due date schedule in order for Caltrans to make a recommendation to the CTC at the earliest meeting. The CTC meeting schedule can be

found on the web site: <http://www.dot.ca.gov/hq/transprog/ctcliaison.htm>. The appropriate due date for loan application and material submittals are the same date as for "Program Amendments and Fund Requests Due Programming/Budgets." Any material not meeting the deadline will be held over for presentation at the next scheduled CTC meeting. However, a report of all material received by Caltrans shall be made available to Commission staff as it is received.

Caltrans will review the application in the order it is received, prepare appropriate agreements if applicable, and make a loan request and recommendation to the Commission. Caltrans will submit a loan request and recommendation for all timely received applications, and any comments from interested parties, to the Commission at its next regularly scheduled meeting.

The loan request and recommendation to be presented to the Commission shall include all of the following information:

- ◇ Identity of the applicant.
- ◇ The date and time the application was received by Caltrans.
- ◇ The application "status" established by Caltrans using criteria in Section 3.1.
- ◇ The amount of the loan requested rounded to the nearest \$1,000.
- ◇ The terms of the loan.
- ◇ A request for waiver for a county with less than 500,000 population.
- ◇ The project(s) description.
- ◇ Evidence that the project is in an adopted RTP.
- ◇ The estimated date the project is scheduled for construction.
- ◇ Caltrans' recommendation (approve or disapprove) based on at least the following:
 - All conditions for loan approval specified in Government Code Section 14529.6(b) have/have not been met.
 - The fiscal assessment by the independent fiscal analyst.
 - The "status" of the application.
- ◇ A copy of the Loan Agreement and attachments.
- ◇ Copy of comments from interested parties.

After the Commission has been assured by Caltrans that all the conditions specified in Government Code Section 14529.6(b) have been met, and the local entity has the resources and capability of repaying the loan, the Commission shall act on the loan.

The Commission may delegate authority to Caltrans to execute (sign) the loan agreement once the Commission approves a loan.

The statutes allow Caltrans a period of 30 days after loan approval to transmit the loaned funds to the recipient. It is the intent of the Commission that transmittal of loaned funds is accelerated by Caltrans to the extent possible.

Any work performed by Caltrans under contract or other agreement with a local entity when the project is being funded from monies loaned under this program shall be undertaken in

conformance to provisions of Government Code Section 14529.3. Under no circumstances will loaned monies be held as advance collections in the SHA pending completion of reimbursed work. Loaned monies will be transmitted directly to applicants.

3.5 Loan Terms

Loan terms specified in Government Code Section 14529.6(b) apply to all loans approved by the CTC under this program.

Loans must be repaid within four (4) years from the date the loan is made. However, for the stated purpose of informing potential loan applicants of the availability of funds to be loaned, the Commission is required to adopt a semi-annual projection of funds available to loan, and the length of times funds are available. The projection may show funds are available for different lengths of time within the 4-year period allowed by law. Applicants will base their loan request, and, Caltrans, its recommendation, on the adopted projection in effect at the time the application was received. To ensure that applicants are fully aware of funding availability and time limitations, it shall be Caltrans' responsibility to inform applicants of the status at the time a "Uniform Loan Application and Agreement" package is requested by the applicant.

Repayment of loans must be in cash from non-state sources. Cash from non-state sources may include, but is not limited to, local funding such as "measure" money or bond proceeds that have been approved through a public vote for transportation purposes, or sales tax or gas tax money that flows directly to the local entity. Cash from non-state sources does not include monies that would be allocated by the Commission as direct STIP project allocations, or as subventions funded from either state or federal resources. [E.g.: Local sales taxes, fuel taxes, measure money, motor vehicle fees, and developer fees are examples of fund sources that may be used for repayment; Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality Program (CMAQ) funds do not qualify.]

Interest must be charged at the rate paid on money in the Pooled Money Investment Account (PMIA) during the period of time the money is loaned. Repayment of the principal, interest, and penalties, if any, must be made to the State Highway Account. Because the PMIA rate changes quarterly, Caltrans shall fully disclose the manner in which interest will be assessed over the length of the loan in the "Uniform Loan Application and Agreement." A history of the PMIA Yield Rates can be found at the State Controllers Office web site: <http://www.sco.ca.gov/ard/pooled/pmia.pdf>.

Caltrans shall require applicants to include in their application a financial plan that demonstrates full funding of the project and the proposed loan repayment plan. The financial plan is to include full funding of all phases of the project, including those not provided for by the loaned funds, an expenditure plan for the project, and the proposed plan of repayment of principal and interest on the loan, including fund sources. There shall be, however, no penalty for prepayment of principal and/or interest made in advance of the proposed plan.

3.6 Project Overruns

Applicants are responsible to make accurate estimates of project costs. A local entity receiving a loan under this program shall be responsible for funding any deficiencies over the loaned amount.

3.7 Delay of Construction and Notification Rescinding the Loan

Government Code Section 14529.6(b)(13) requires projects funded under this program to be under construction not later than 6 months after transmittal of loan funds. If construction does not begin before the date set by Caltrans under this provision, Caltrans is required to notify the applicant that the loan, plus interest, must be repaid within 10 days after notification is made to avoid default. Caltrans will set the final date that construction may begin at the time it sets the date that funds are to be transmitted to the recipient following approval of the loan. As directed by the statute, Caltrans will require applicants to agree in writing that construction of the project will begin no later than the date set by Caltrans.

For the purposes of these guidelines, "construction" is defined as the "award of construction" date. Recipients of loans under this program shall provide Caltrans with a copy of the executed construction contract on, or before, the date set by Caltrans for construction to begin, as evidence that "construction" has begun. If, for any reason, the project must be re-advertised for contract award after the date set by Caltrans, the loan shall be in default and all principal, interest, and penalties prescribed by Government Code Section 14529.6(b)(7) are immediately due and payable.

The Commission recognizes that situations may arise that could delay the construction date far beyond the six months, or prevent it altogether. If known early by the recipient of a loan, the loaned monies plus interest may be voluntarily repaid early for re-circulation within the loan program. Therefore, at any time prior to the date set by Caltrans for construction to begin, if a local entity becomes aware that construction may be delayed for an indefinite time period, the entity may notify Caltrans, in writing, that the loan may be rescinded early. Upon receipt of the notification, Caltrans may immediately rescind the loan and no penalties will be assessed (interest charges will still apply for the period the loan was in effect).

Caltrans shall provide a written notification to the Commission within 30 days, with the particulars of any rescinded loan. As part of the notification, Caltrans shall advise the Commission of the availability of the returned monies for re-circulation within the loan program.

3.8 Monitoring and Reporting

Caltrans shall be responsible to monitor loans and repayment schedules and to provide a semi-annual "status of loans report" to the Commission. The report shall be submitted at the time Caltrans reports the six-month cash-flow needs of the STIP, prior to the Commission adopting projections of available funds to be loaned on January 15 and July 15 each year.

3.9 Reporting of Defaults

Caltrans shall immediately report any default to the Commission. In addition to detailed specifics regarding the default, the report shall include information on how repayment of the principal, interest, and penalty will be made.

County shares will be reduced to satisfy the default requirements in accordance to Government Section 14529.6(b)(7). Interest will continue to accrue on any loan that is in default up to the date the county share reduction is made. Reductions in county share funding and ineligibility for regional share fund programming are to be outlined in the report.

4 PROCEDURES**4.1 Department of Transportation Responsibilities**

Caltrans is responsible for reviewing and analyzing applications in a timely manner. Caltrans will review and analyze each application and make a determination whether all the conditions required for loan approval specified in Government Code Section 14529.6 are met. Caltrans will submit a loan request and/or a recommendation to approve or disapprove the loan to the Commission for each application it receives.

Caltrans will review and analyze each application in the order it is received. There is, however, no guarantee an application received first will be approved when other factors have been weighed. Caltrans will rank each application based on the analysis conducted by an independent fiscal consultant of the applicant's ability to repay the loan. Caltrans will also use criteria as stated in Section 3.1 of the Guidelines to determine the application's "status," or placement in line for available funds.

Processes conducted during the 30-day period following CTC approval of a loan will include the following:

- ◇ The reconciliation of discrepancies between the approved loan amount and terms of repayment if different than requested in the application.
- ◇ Setting of the date to transmit loaned monies and the final date for construction to begin, which will be within six (6) months after loaned monies are transmitted.
- ◇ Obtaining the applicant's written agreement that construction will begin by the date set by Caltrans.
- ◇ Execution of the loan agreement.
- ◇ Accounting activities necessary to transmit loaned monies.

Caltrans will transmit loaned monies directly to the applicant no later than 30 days after the Commission approves a loan request.

4.2 Eligible Applicants

Any local entity that is a transportation planning agency or county transportation commission, that is also the approving authority for the county's submission to the STIP, may apply for a loan under this program. Other local entities such as transit districts, city or county governments or local transportation authorities applying for a loan under this program

must apply jointly with a regional transportation planning agency or county transportation commission that is the approving authority for the county's submission to the STIP.

4.3 Approval Subject to Funding Minimums/Maximums

Approval of a loan application is subject to the Commission's adopted projection in effect at the time the application is received by Caltrans and the following statutory minimums and maximums:

- The SHA balance must exceed \$400 million.
- The aggregate amount of outstanding loans must not exceed \$500 million at any one time.

The criteria established in Guidelines Section 3.1 will be used when loan approval would result in the minimum or maximum limitations being exceeded, as stated in the adopted projection or in statutes. When recommendations are being made for two or more applications at the same CTC meeting, and all other factors are equal, Caltrans will base its recommendation for approval or disapproval of an application on its status.

Example: (Assume each application includes funding for one (1) project.)

<u>Amount Requested</u>	<u>Date Received</u>	<u>Status</u>	<u>Recommendation</u>	Cumulative Available <div style="border: 1px solid black; padding: 2px;">\$25 million</div>
\$15 million	5/10/00	1	Approve	\$10 million
\$15 million	5/15/00	3	Disapprove	
\$10 million	5/20/00	2	Approve	\$ 0

Note: Using the same example, assume the first application includes a funding request for two \$15 million projects. If the applicant agrees in writing to delete one project from the request, Caltrans' recommendation would be the same as shown in the example. If, however, the first application includes a funding request for one \$15 million project and one \$10 million project, the recommendation would be to approve the first application, and disapprove the second and third applications.

Caltrans will not hold applications over for later processing whenever funding capacity has been reached. The Commission will suspend the loan program when the SHA balance is less than \$400 million, or terminate the program whenever termination is deemed to be the most prudent action. Applications will not be processed during any suspension period. Applicants are encouraged to contact Caltrans' Budgets Program in Sacramento to determine the program status before submitting an application.

4.4 Project and Applicant Requirements

4.4.1 Ineligible Projects

Loans made under the SHA Loan Program are subject to funding restrictions of Article XIX of the California Constitution. Caltrans will automatically reject an application that includes funding for any project that would be prohibited under Article XIX (i.e., rolling stock, freight carrier, non-transportation related, etc.).

4.4.2 Minimum Project Requirements

Loan applications for projects that do not meet the following minimum requirements will not be considered further:

- The project is STIP eligible and included in an RTP adopted by a Regional Planning Agency.
- The project complies with California Environmental Quality Act (CEQA) certification requirements and has an Environmental Impact Report prepared.
- For each project, costs are greater than \$10 million, unless waived by CTC for a county with less than 500,000 population, and then the project costs are equal to or less than 50% of the current county's share.

When an application includes more than one project, each project must meet minimum project requirements.

4.4.3 Project Readiness

Monies advanced as loans under this program are for the capital improvement phase of transportation projects. It is the applicant's responsibility to evaluate whether the project is at the stage of development that construction can reasonably be expected to begin within 6 months from the date loaned monies are transmitted.

4.4.4 Applicant Requirements and Responsibilities

Applicants are required to certify that no other funds are available and that there is no intent to borrow and then bank or invest SHA funds at a higher yield than the PMIA rate. This would create an arbitrage situation that is not allowed under this loan program. Applicants should review existing resources to identify other funding sources that may be available to fund the project. During this process, applicants are encouraged to investigate the possibility that the project may be eligible for federal funds.

Applicants must limit a loan request for any single county for one or more projects to an amount not greater than \$100 million that does not exceed 50 percent of the regional share funding allocation (county share) as published in the most recent STIP Fund Estimate for that county.

When the application is for multiple projects, applicants must prioritize the projects. Following negotiations authorized by Section 3.1 of the guidelines, Caltrans may recommend the Commission approve a reduced loan amount dependent upon deletion of one or more projects from the application. Applicants electing to delete one or more lower priority

projects from the application must submit a revised application at least two (2) working days prior to the CTC meeting at which Caltrans' recommendation will be heard.

Applicants must demonstrate their ability to repay the loan from non-state sources. Following their own procurement process, applicants must select an independent fiscal consultant from an approved list to conduct a fiscal assessment of the local entity's ability to repay the loan. Costs incurred for the fiscal assessment must be paid by the applicant, and are not to be included in the loan request. Additional information concerning the pre-qualified independent fiscal consultant list and responsibilities of the fiscal consultant is included in ~~the guidelines for this program~~ **Section 3.2** and in Section 4.5 of **these guidelines and procedures.**

4.5 Independent Fiscal Consultant Requirements and Responsibilities

A fiscal consultant selected by an applicant for a loan under this program must perform a fiscal assessment that includes a review of the applicant's most recent audited financial statements and available working papers, audit reports, and potential legal claims and or liabilities pending that may impact the applicant's ability to repay a loan.

The fiscal assessment must provide the information necessary to show, at minimum, that the applicant is capable of repaying the loan in the manner, and within the terms, specified in the loan agreement. Failure of an applicant to demonstrate their capability of meeting this requirement is cause for Caltrans to recommend disapproval of an application.

The applicant is to be provided with a written report of findings of the fiscal assessment that may include attachments as necessary. The report must include the fiscal consultant's "warranty of independence" to express an opinion on the financial status of the applicant. The original copy of the report is to be submitted by the applicant to Caltrans when the application for a loan is filed. The fiscal consultant must be available to answer questions made by the Commission, Caltrans or the applicant on the contents of the written report.

4.6 Uniform Loan Application and Agreement Package

Applications must be completed using the "Uniform Loan Application and Agreement" package adopted by the Commission. The loan package can be requested from:

State Highway Account Loan Program
California Department of Transportation
1120 N Street, MS-24
Sacramento, CA 95814

Attention:
Loan Officer, Budgets Program
Phone: (916) 654-4211
FAX: (916) 654-4375

or obtained from the Commission's web page: <http://www.dot.ca.gov/CTC/>.

Applicants must submit an original and three copies of all materials submitted to Caltrans for a loan under the State Highway Account Loan Program.

To assure a place on the agenda for the earliest CTC meeting, applications must be submitted to the Caltrans Budgets Program at the same time other meeting material submittals are due

(see Guidelines Section 3.4). The CTC meeting material submittal dates are posted on the Commission's web page.

4.7 Additional Information on the Loan Program and Procedures

Questions and information requests related to the State Highway Account Loan Program and procedures can be directed to:

State Highway Account Loan Program
California Department of Transportation
1120 N Street, MS-24
Sacramento, CA 95814

Attention:
Loan Officer, Budgets Program
Phone: (916) 654-4211
FAX: (916) 654-4375